

The Domestic Policy Subcommittee of the Oversight and Government Reform Committee will hold a hearing, "Gaming the Tax Code: Public Subsidies, Private Profits, and Big League Sports in New York," on Thursday, September 18, 2008, at 10:00 a.m. in 2154 Rayburn House Office Building.

This will be the third hearing held by the Domestic Policy Subcommittee examining whether the use of the federal tax code to subsidize the construction of professional sports stadiums and arenas furthers the public interest, and the first to examine alleged improprieties in the financing process.

Specifically, the hearing will address whether efforts to finance new stadiums for the New York Yankees and New York Mets and a new arena for the New Jersey Nets by issuing federally tax-exempt bonds advance the public interest; whether the U.S. Department of Treasury's rulemaking has been consistent with the Tax Reform Act of 1986; and the legal, policy, and economic implications of the existing and proposed IRS rules regulating the structure of payments in lieu of taxes (PILOTs) permitted to finance projects funded by the issuance of federally tax-exempt bonds (i.e., the PILOT rule).

The hearing will also address alleged misrepresentations made to the IRS and investors related to the assessment of the new Yankee Stadium, whether these alleged misrepresentations affect the tax-exempt status of the bonds issued to finance construction of the stadium, and whether these alleged misrepresentations are an outgrowth of the incentives provided to state and municipal stakeholders by the PILOT rule.

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